

DCS BULLETIN

DIVISION OF COMMUNITY SERVICES
(701) 328-2094

FALL 1999

Renaissance Zone Development Continues

The Fifty-sixth Legislative Assembly created a new community development tool called the "Renaissance Zone." The purpose of this tool is to be able to revitalize up to 20 square contiguous blocks in a city using a variety of tax exemptions and credits.

Developing the program to implement this development tool has been a challenging task for the Division of Community Services and the Office of State Tax Commissioner. However, the end is in sight, and hopefully the program will be available by November 1999.

To obtain a Renaissance Zone designation, a city must first write a Development Plan and must have a currently adopted comprehensive or strategic plan it is following for its overall community development efforts.

The DCS has prepared a Development Plan format for cities to follow. Some of the major elements of the Development Plan include management and promotion of the zone; goals and objectives for the zone and a description of how these relate to local community development plans and state goals; a detailed description of the desired zone area and the buildings to be targeted; proposed projects and how property will be selected; justification for how long the zone should be designated, not to exceed 15 years; and public participation.

If a city wants, it may request in its Development Plan to create a Renaissance Fund Corporation. This tool will enable a city to attract investors to raise funds to invest in zone projects. Investors will be able to receive tax credits of 50 percent of their investment for six years. However, statewide the

total of all credits is limited to \$2.5 million for all taxable years.

Once a zone is approved, it provides for state tax exemptions for individuals who purchase a home in the zone as their primary residence; for a business that purchases or leases property for any business purpose in the zone; and for an individual, partnership, limited partnership, limited liability company, trust, or corporation that purchases residential or commercial property as an investment as part of a zone project.

Also available are local property tax exemptions for the homebuyer, businesses, and investors; historical tax credits; and credits for investors in a Renaissance Fund Corporation.

If you want to learn more about the Renaissance Zone program, contact Richard Gray at 328-3698.



International Codes Take Final Shape

History was made in St. Louis, MO, on September 12-17, 1999, when the three model building code groups in the United States met in a joint session for the first time to put final touches on the new family of International Building Codes.

The three model code groups are the Building Officials Code Admin-

istrators International (BOCA), the International Conference of Building Officials (ICBO), and the Southern Building Code Congress International (SBCCI). These three groups, while still maintaining their individual structures, have come together to form the International Code Council. Under this new structure, the three code groups

have discontinued publishing their three separate sets of model building codes, and will now publish one set of codes called the International Codes.

So what does this mean for North Dakota? State law requires the North Dakota State Building Code
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Christianson Takes Temporary Assignment with DOE

DCS Energy Program Manager Kim Christianson will be taking a temporary duty assignment with the U.S. Department of Energy for the next two months.

Christianson will be working at the U.S. Department of Energy's Regional Office in Denver, Colorado. He'll be working on the Federal Energy Management Program, assisting federal agencies in addressing energy conservation. The program will assist federal facilities in completing energy audits and implementing cost-effective energy conservation measures.

Christianson will especially focus on opportunities with "performance contracting." In a performance contract, a private firm would come

in and expend funds to implement energy conservation measures. For this work, the firm is paid over a period of time, from funds which would not be spent on energy bills. In other words, the firm will be paid from the savings from the work.

"Performance contracting presents the opportunity for huge savings in federal facilities," Christianson said. "In the past, we've designed training programs and provided materials related to the development of energy management programs." He said that the type of program he's responsible for will directly apply to state facilities in North Dakota. (See separate story on performance contracting at the State College of Science.)

Christianson's assignment started in mid-September with a one month training period at the office in Denver. Following that training, he will work on the project for an additional three month period, housed at DCS.



*Kim Christianson
Energy Program Manager*

Division of Community Services Exploring Alternative for Establishing Home Energy Rating System

The Division of Community Services recently invited neighboring states to attend a presentation by Mr. Stan Butler, of the Kansas Division of Housing on the fundamentals of establishment of a Home Energy Rating System or HERS program.



HERS is a program by which any home, new or existing, is evaluated by a trained and certified professional to determine levels of

insulation, tightness and heating/cooling efficiencies. Based on these findings, each home is awarded a rating between one and five stars – with one star being the lowest rating, for a very inefficient home

and five stars being the highest rating, for a very efficient home.

This process allows the homebuyers to compare energy efficiencies based on the same criteria and provides many benefits that may not be immediately recognized.

First, by identifying the most cost-effective improvements to an existing home, a rating can give access to extra financing to achieve a more efficient home with lower utility costs and increased comfort.

Second, a projected rating on a home to be constructed ensures that the home will be built to the most efficient standards and, when tested and confirmed as such on completion, can qualify the buyer for addi-

tional mortgage dollars and therefore a better and/or larger home.

And thirdly, a rating can increase a home's resale value.

Homebuyers are not generally able to evaluate the cost-effective improvements or upgrades on their own, so a rating gives the answers that save money and improve comfort.

Because of the rural nature of North Dakota and surrounding states, the DCS is looking in to the possibility of establishing a cooperative program with South Dakota and Wyoming.

More information will be provided as things develop.

State College of Science to Benefit from Performance Contracting

The North Dakota State College of Science (NDSCS) is close to entering into a contract with an energy services company, or ESCO. The ESCO chosen by the NDSCS is Energy Services Group based out of Minneapolis, Minnesota.

In an energy performance contract, a state facility enters into an agreement with a private ESCO. The ESCO will identify a package of energy-saving opportunities, and the institution and the ESCO will agree on a package of related improvements. The ESCO will install those improvements, and then will guarantee that the savings from the project will meet or exceed annual payments to be made to the financing entity. In essence, the improvements are being paid for through the savings they generate.

To ensure savings, the ESCO will provide appropriate staff training,

and long-term maintenance assistance.

ESCO contract terms are usually seven to ten years. The NDSCS project is for a ten year term, and consists of a package of nearly \$2 million in improvements according to State Energy Engineer Darin Scherr.

“An energy performance contract provides a facility with the fiscal resources to make the energy upgrades it needs right away, and pay for them with future savings,” said Scherr. “It creates an opportunity for improvements that will result in great savings over time, but eliminates the pressure on the capital budget.”

“Sometimes, an ESCO can provide significant expertise, and a facility is able to replace aging, inefficient equipment without



*Darin Scherr
State Energy Engineer*

increasing a budget for these capital needs.”

The project is the first comprehensive campus-wide project involving a state facility, Scherr said, and he described it as a pilot project for other institutions. As such, the energy conservation programs at the DCS funded the energy audit for the facility, and DCS staff worked closely with the NDSCS.

Final Cycle for School Lighting Program Announced

A second, and final, cycle of a matching grant program has been announced to fund the installation of energy efficient lighting in elementary and secondary schools. Projects are eligible for funding which reduce energy costs enough to recover the costs of installation in less than ten years.



Only \$100,000 is available for this cycle, according to Michael Mahlum, the program administrator for the Energy Efficient Lighting (EEL) Program. A year ago, over \$166,121 was awarded to 26 schools.

The program uses some remaining Petroleum Violation Escrow (PVE) which have been plugged into state energy programs for some time, DCS officials said. The program was included in the final allocation of remaining funds, and Mahlum said it's unlikely an additional source of funds would be obtained for additional cycles.

“Government funding for energy conservation work in schools was largely eliminated when the federally funded Institutional Conservation Program (ICP) was discontinued several years ago, and various utility rebate programs have expired,” Mahlum said.

“This lighting program fills a need in providing assistance to schools in funding lighting measures which in turn can result in lower operating cost,” said Mahlum.

Since the energy efficient characteristics of newer lighting has been well-documented, the program calls for a simplified savings calculation.

For more information on the Energy Efficient Lighting Program, contact the DCS, 14th Floor, State Capitol, 600 East Boulevard Ave., Bismarck, ND 58505-0170. The telephone number is 328-2094, and the fax number is 328-2308.

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to consist of the Uniform Building Code (UBC) and Uniform Mechanical Code (UMC) published by ICBO. As of October 1998, the State Building Code consists of the 1997 UBC and 1997 UMC. Since this is the last publication of each of these codes, we will need to change state law to incorporate the International Codes for consideration in our next code updating in 2001.

The new International Codes are not really new. They have been created by using the existing provisions for the current three model codes. What may be new is how some provisions are written and the use of some provisions from one of the other model codes not pre-

viously contained in the UBC and UMC. In some instances, some provisions may seem less restrictive than what the UBC or UMC specifies, but from a national prospective, building officials voted for the provisions on the new codes.

The International Codes have been written to respond to the need to create more uniformity and to enhance the ability of American businesses to produce building products and materials that can be accepted worldwide.

In addition, they will enable builders to build in multiple jurisdictions without having to make adjustments in their construction methods to meet a variety of local codes.

The new family of International Codes consist of:

- International Building Code
- International Residential Code
- International Mechanical Code
- International Plumbing Code
- International Fuel Gas Code
- International Fire Code
- International Energy Conservation Code
- International Private Sewage Disposal Code
- International Property Maintenance Code
- International Zoning Code

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